



## MY HEALTH LA (MHLA) INCOME VERIFICATION GUIDELINES

### **GENERAL**

To be eligible for the My Health LA (MHLA) program individuals must meet the basic criteria. Applicants must be: 1) A Los Angeles County Residents, 2) Income must be at or below 138% of the Federal Poverty Level (FPL), 3) 19 years old or older, and 4) Uninsured.

To be eligible for My Health LA individuals must: 1) be Los Angeles County Residents, 2) ineligible for full-scope Medi-Cal/Healthy Families, 3) Provide acceptable verification of address, identity, income, and 4) Have no other health Insurance.

An LA County resident is not My Health LA eligible until all criteria's (financial, identity and residency) are met but the My Health LA effective date is the date the My Health LA application is completed and acceptable verification documents are submitted.

### **Income**

Verification of income is required at time of application. Income, generally, is any benefit in cash, which is currently available to the individual or received by him/her as a result of current or past labor, business activities, interest in real or personal property, or as a contribution from persons, organizations or private assistance agencies.

All income received must be reported including the amount received, the frequency in which income is received, and whether income is fluctuating or non-fluctuating.

**Note:** If no income is reported for the family, clarification is required as to how the family's needs are being met. If a patient is living off savings in bank account(s), only interest accrued on the account(s) is counted as income.

#### **1. Earned Income (Other than Self-Employment).**

Earned income is income received in cash as wages, salary, commission, Disability Insurance Benefits (DIB) [temporary], or persons receiving Workers' Compensation temporarily.

Acceptable verification of earned income includes:

##### **a. Paycheck Stubs**

For non-fluctuating income, the most recent pay stub may be used.



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**For fluctuating income, the paycheck stubs should cover a period of at least four current weeks. The paycheck stubs should be consecutive.**

**If verification for four consecutive weeks cannot be obtained, paycheck stubs received prior to the current period, together with current stubs, may be acceptable verification as long as the paycheck stubs used provide an accurate profile of the person's regular earnings.**

**Copies of the paycheck stubs used as verification are to be retained. Additional documentation is required if current and consecutive paycheck stubs are unavailable and other paycheck stubs for a four week period are used.**

### **b. Federal Income Tax Return**

**The previous year's Federal Income Tax Return is to be viewed and copy retained.**

### **c. Signed Statement from employer**

**If appropriate check stub or tax statement is unavailable, send letter-requesting verification to employer (Employment Verification Letter).**

**Use copy of facility letterhead.**

**Applicant may either take letter directly to employer or the worker may mail it to employer.**

**Also acceptable is a signed statement from the person/employer or organization providing the income.**

**A statement of earnings from the employer must contain all of the following:**

- i. Individual's gross earnings and income deductions,**
- ii. Frequency of earnings,**
- iii. Employer's signature and the date signed, and**
- iv. Employer's business address and phone number.**

**The worker may initiate the request for income verification directly to the employer, list in detail the information to be requested. The employed person must sign the request.**



### 2. Self-Employment

Income from self-employment refers to cash received as profit from an activity such as a business enterprise, which is owned or controlled by the patient/responsible relative(s). Net profit from the self-employment activity is the amount to be used (i.e., gross profit less allowable business expenses). Net profit can be obtained either from last year's income tax statement or from current business records.

Acceptable verification of net profit includes:

#### a. Federal Income Tax Return

The previous year's Federal Income Tax Return is to be viewed to determine net profit. This amount is used as an estimation of annual net profit for the current year. Annual net profit is apportioned monthly.

A copy of the Federal Income Tax Return for the business should be retained.

#### b. Current Business Records

The Federal Income Tax return is the preferable type of verification. If the person was not self-employed the previous year, or, for some reason, had not filed an income tax return, or if the previous years income tax return is not representative of current income, current business records are acceptable verification.

#### c. Affidavit

An affidavit showing applicant's business income and deductions is acceptable verification if income tax return or current records are unavailable.

##### Sample Affidavit

The affidavit must be specific regarding gross receipts and expenses, not an average of net profits, (e.g., I'm self-employed gardener and earn approximately \$500 monthly). The applicant must be advised to maintain business records in the future. The applicant must state, on the affidavit, that he/she was advised to keep business records.

Copies of these records should be retained.



### 3. Unearned Income

Unearned income is income that is not earned through labor or personal effort. It includes Unemployment Insurance Benefits (UIB), Disability Insurance Benefits (DIB) (permanent), Social Security payments, Veteran's payments, railroad pensions, retirement benefits, contributions from any source, rental of property, interest income, certain grants, support payments, permanently received Workers' Compensation benefits, etc.

Unearned income generally is received monthly. An exception is UIB/DIB, which is considered to be a weekly benefit received biweekly.

**Note:** Exclude public assistance income (i.e., SSI/SSP, CalWORKS, etc.).

The gross amount of unearned income is to be used. Any taxes or other deductions withheld from the benefits (including Medicare premiums) must be added back to the net amount received to determine gross unearned income.

Acceptable verification of unearned income includes:

- a. Income Tax Returns
- b. Checks (or Copies of Checks) or Check Stubs

Unearned income may be verified by viewing the current month's check, provided that the amount shown represents gross benefits. If the applicant indicates that the amount represents a net benefit (i.e., taxes or other amounts have been deducted), one of the other alternate methods of verification should be used unless the check can be combined with other documents to provide an accurate profile of gross income.

- c. Other Documents

In the event and only in the event, that the individual cannot produce either of these forms of documentation, these alternatives may be requested:

- i. Award Letters

An award letter is a written notice sent to the recipient of the income identifying the type of benefits, the effective date, the



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amount, and the frequency of receipt.

The award letter is acceptable verification if it shows the amount of current benefits (i.e., it must have been issued since the last benefit increase).

- ii. **Signed Statement from person or organization providing the income.**

A statement signed and dated by the person or organization providing unearned income is acceptable verification. The statement must include the amount, frequency and type of income received.

If the worker initiates the request for income verification directly to the provider of the income, an ABCDM 228 (or facsimile), authorizing the provider to release the information, must be signed by the individual and attached to the request for information.

To the extent possible photocopies of the documents used to verify unearned income (except U.S. Government checks) are to be retained. DHCS has prohibited the photocopying of any U.S. Government check, such as Social Security or Veteran's benefits.

When photocopies of verifying documents are unavailable, or U.S. Government checks are being used as verification, document the type and date of the verification seen, as well as the amount and the frequency of the income received.

#### **4. In-Kind Income**

In-kind income may be either earned or unearned and, generally refers to items of need such as free housing, utilities, food, or clothes from other than a responsible relative. If the applicant is receiving in-kind income, a dollar value is to be assigned. In-kind Income - income value chart.

Example - 3-person household receiving free housing and food – Table value is - \$225 for housing, \$232 for food. The amount declared is - \$150 for housing, \$240 for food. If the actual housing value is less than table value - use \$150. If the amount declared for food is more than table value - use table value \$232.

“Statement Regarding In-kind Income” form must be completed, signed by applicant and sent to the provider. In-kind Income Affidavit.



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A ten-day control should be set for return of the document. If the document is not returned by the provider, use the in-kind chart amounts.

**Note:** In-kind clothing is no longer counted when determining in-kind income values.

### Income Exclusions

Income received by persons listed as Family Members is subject to verification requirements. Certain income, however, can be excluded from consideration in the eligibility determination.

#### 1. Earned Income of Children

- a. When the income of a child under 14 years of age is received from earnings, the amount is to be excluded. The parent's statement that the income is from earnings is acceptable verification.
- b. When a child from 14-18 years of age has earnings and the child is attending school full time, this income is to be excluded. The parent's statement that the income is from earnings and that the child is a full-time student is acceptable verification.
- c. These statements must be documented.

#### 2. Educational Grants

Only that portion of the grant, which is specifically for educational purposes (e.g., tuition, books, etc.), can be exempt. Count as income only that portion which is for personal use, (e.g., housing, food, utilities).

**Note:** Educational grants may be verified by viewing the grant document to determine its exempt or nonexempt status. Document how the grant was evaluated to determine its exempt or nonexempt status. Whenever possible, a copy of the grant document is to be retained.

Education loans should not be considered income to the extent they are required to be repaid.

#### 3. General Relief (GR)

Because the Department of Public Social Services (DPSS) verifies the GR



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applicant's income for case processing, it is not necessary for the applicant to provide additional verification. Instead, verification of GR status is necessary.

There are two (2) acceptable methods for verifying current eligible GR status:

- a. The GR Electronic Benefits Transaction (EBT) card with eligibility confirmed through a Point of Service (POS) device.
- b. Telephone clarification with the recipient's Eligibility Worker. Document the name and telephone number of the Eligibility Worker.

### **3. Business Expenses for Self-Employed individuals**

The Federal Income Tax return is the preferable type of verification. However, if the person was not self employed the previous year, or had not filed an income tax return, or last year's return does not accurately represent current expenses, current business records may be provided.

Verification of business expenses should be obtained. If the person is self-employed, the reasonable and necessary costs of expenses which are incurred in the production of income (if allowed by the Federal Government for income tax purposes) are to be deducted from gross business profit to determine net profit. Net profit apportioned monthly is the amount of income to be shown. (Business expenses may include salary, inventory costs, rent, etc.)

If both the tax return and current records are unavailable, an affidavit detailing the allowable business expenses is acceptable.

Copies of documents verifying business expenses must be retained.

### **4. Property Expenses Where Income Is Property Related**

Verification of property expenses should be obtained, whenever possible. Allowable deductions from income generated by the rental of property may include the monthly interest on encumbrances and, apportioned on a monthly basis, property taxes, insurance, utilities, and upkeep/repairs.

The following are acceptable methods of verifying expenses associated with income from rental property:



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- a. The amount of interest would be the amount on payment records or an annual interest statement from the lender,**
- b. Property taxes may be taken from the official tax statement, and apportioned monthly,**
- c. The cost of insurance payments, including earthquake insurance, would be the amount indicated on the premium notices or a statement from the insurance company, and apportioned monthly,**
- d. Allow the estimated amount of the last three months of utilities paid by the applicant for this real property and divide total by 3 to determine the average monthly amount,**
- e. The actual cost of upkeep and repairs is based on the owner's records. Allow the estimated amount for the last 6 months and divide total by 6 to determine the average monthly amount.**

**Photocopies of the documents used as verification are to be retained.**